

## **INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor  
and Members of the City Council,  
City of Austin, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Austin, Texas (the "City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise City's basic financial statements, and have issued our report thereon dated March 28, 2016. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, which represent 99.8% of the assets, net position, and revenues of the discretely presented component units, one of which contains an emphasis of matter paragraph related to a going concern issue (Austin Bergstrom Landhost Enterprise Inc.), as described in our report on the City's financial statements. The financial statements of the Austin Bergstrom Landhost Enterprise Inc. and the Austin Convention Enterprises Inc., discretely presented component units, were not audited in accordance with *Government Auditing Standards*. This report includes our consideration of the results of the other auditors' testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control described in the accompanying *Schedule of Findings and Questioned Costs* as items 2015-001, 2015-002, and 2015-003 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **The City's Responses to Findings**

The City's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Deloitte & Touche LLP*

March 28, 2016

## **INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM, AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

The Honorable Mayor and  
Members of the City Council,  
City of Austin, Texas

### **Report on Compliance for Each Major Federal and State Program**

We have audited the City of Austin's (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and in the State of Texas *Uniform Grant Management Standards* (UGMS) that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2015. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and UGMS. Those standards, OMB Circular A-133, and UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City's compliance.

### **Opinion on Each Major Federal and State Program**

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2015.

## Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and UGMS and which are described in the accompanying *Schedule of Findings and Questioned Costs* as items 2015-004, 2015-005, 2015-006, and 2015-007. Our opinion on each major federal and state program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with OMB Circular A-133 and UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying *Schedule of Findings and Questioned Costs* as items 2015-004, 2015-005, 2015-006, 2015-007, and 2015-008, that we consider to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133 and UGMS. Accordingly, this report is not suitable for any other purpose.

*Deloitte & Touche LLP*

June 17, 2016

## CITY OF AUSTIN, TEXAS

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED SEPTEMBER 30, 2015

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#### I. SUMMARY OF AUDITORS' RESULTS

##### Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	No

##### Federal and State Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified not considered to be material weakness(es)?	Yes
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510(a)) and Uniform Grant Management Standards?	Yes

Identification of major programs:

##### Federal

- 14.218—Community Development Block Grant
- 14.239—HOME Grant
- 14.248—Section 108 Loan
- 20.106—Airport Improvement Program (ABIA FAA)
- 20.205 & 20.219—Highway Planning and Construction Cluster
- 93.914—Ryan White I Emergency Care
- 93.566—Refugee Health Services
- 93.569—Community Services Block Grant

##### State

- 2015-001438—Tuberculosis Elimination
- 63150002040—Homeless Housing & Services Program
- None—State Contraband Asset Forfeiture Fund

Dollar threshold used to distinguish between Type A and Type B programs:

Federal:	\$ 1,559,956
State:	300,000

Auditee qualified as low-risk auditee?

Federal—	No
State—	No

## II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

### **Finding 2015-001: Significant Deficiency—Internal Controls Over Accounting and Reporting for Capital Assets**

*Criteria*—The City is required to account for all capital assets in accordance with generally accepted accounting principles, which direct that donated capital assets be recorded at fair value at the time of donation.

*Condition and Cause*—During the 2015 audit, management determined that certain Austin Water Utility capital assets contributed by developers through service extension requests were recorded twice, once during the service extension request process and once during the developer contributions process. In the past, the process to record contributed assets resulting from projects with service extension requests were not coordinated properly to ensure they were only recorded once. These errors related to prior years, but were corrected by management in the current year.

Further, management also discovered that certain Austin Water Utility capital assets acquired during limited annexations of municipal utility districts had not been recorded. These capital assets should have been recorded in prior years, but were corrected by management in the current year. Controls were not in place to ensure that capital assets obtained through annexation were recorded at the appropriate point in the annexation process.

*Effect*—Improperly recording capital asset transactions could result in material misstatements to the City's financial statements.

*Recommendation*—Develop procedures for service extension requests and limited and full annexations to ensure that capital assets are properly recorded.

*View of Responsible Officials*—See Corrective Action Plan

### **Finding 2015-002: Significant Deficiency—Internal Controls Over Financial Reporting**

*Criteria*—The City is responsible for establishing controls to ensure that the Comprehensive Annual Financial Report (CAFR) is free of material misstatement. The controls should include various levels of supervisory review to ensure that the balances in the CAFR are supported by accurate records, accounting support and reconciliations.

*Condition and Cause*—During the 2015 audit, errors were noted in certain financial statement areas. A summary of these areas is below:

- Statement of Cash Flows: Debt refunding transactions were improperly classified in the Statement of Cash Flows as these transactions were not properly reviewed to ensure that the

amounts paid to the escrow agent and the refunding amount issued were accurately stated. These amounts were corrected by management in the final CAFR.

- **Housing Loans:** Certain housing loans were not properly recorded in the general ledger. Controls were not in place to ensure that all housing loans issued were properly reflected in the financial statements.
- **Functional Expenses in the General Fund:** Certain expenses related to General City Responsibility were not allocated consistently to the functions of the City's General Fund due to a change in the current year for how these amounts were budgeted. Controls were not in place to ensure these costs were consistently allocated despite budgetary changes. Management performed analysis and corrected this allocation in the final CAFR.

*Effect*—Without proper internal controls for financial reporting, material misstatements in the financial statements could occur.

*Recommendation*—Develop preparation and review procedures for the statement of cash flows to ensure debt transactions are appropriately classified. Implement a reconciliation of all housing loans issued in the current year to those recorded in the subledger to ensure all housing loans have been properly recorded. Review the allocation of General City Responsibility expenses to the functions of the General Fund and complete variance analysis between amounts reported in the current year and prior year CAFR to identify unexpected variances.

*View of Responsible Officials*—See Corrective Action Plan

### **Finding 2015-003: Significant Deficiency—Preparation of the Schedule of Expenditures of Federal and State Awards**

*Criteria*—In accordance with OMB A-133 and the State of Texas Uniform Grant Management Standards, management is responsible for the preparation of the Schedule of Expenditures of Federal and State Awards ("Schedule"). This includes identifying all expenditures by grant for any given fiscal year.

*Condition and Cause*—During the 2015 audit, expenditures related to funding for multiple federal and state grant programs were reflected in the 2015 Schedule that related to expenditures or program income in prior years. This error resulted when the respective department failed to identify and record expenditures as grant-funded in a timely manner and failed to communicate the expenditure to the Controller's Office for proper reporting in the Schedule.

*Effect*—Federal and state programs may be inaccurately reported in the Schedule. This could impact the assessment of major programs in any given year and could potentially affect compliance of the period of availability requirements for grants. Our testing procedures identified that the current year Schedule is overstated by approximately \$252,228.

*Recommendation*—Continue to work with departments through various means (communications, trainings and policy revisions) to ensure that accurate data related to grants is communicated to the Controller's Office on a timely basis.

*View of Responsible Officials*—See Corrective Action Plan



### III. FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AND STATE AWARDS

**Finding 2015-004: Section 108 Loans CFDA 14.248—Department of Housing and Urban Development and Community Development Block Grant (CDBG) CFDA 14.218—Department of Housing and Urban Development**

**Special Test: Davis-Bacon—Significant Deficiency in Controls over Compliance (all related awards) and Noncompliance (Award B-05-MC-48-0500A, CFDA 14.248; Awards B-12-MC-48-0500, B-13-MC-48-0500, B-14-MC-48-0500, CFDA 14.218)**

*Criteria*—The Housing and Community Development Act of 1974, Statutory Provision, Section 100 requires that all laborers and mechanics employed by contractors and subcontractors in the performance of construction work financed in whole or in part with assistance received under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act. Management should review certified payrolls received from vendors to ensure that the vendor pays prevailing wage rates in accordance with the Davis-Bacon Act.

*Condition and Cause*—During our testing of the Family Business Loan project (Section 108 Loan), which is managed by the Economic Development Department, we noted that a contractor failed to submit weekly timesheet certifications for the weeks in which services were provided during fiscal year 2015. The City made multiple attempts to request the submissions; however, the vendor did not respond.

During our testing of the Department of Housing (CDBG), we noted that three contractors did not submit their weekly timesheet certifications in a timely manner and the review of the weekly timesheet certifications did not occur on a timely basis. There were changes in the City's processes to obtain weekly timesheet certifications and the transition to the new process was not properly managed to continue to ensure compliance.

*Perspective*—For the Department of Housing (Section 108 Loan), the only vendor subject to Davis-Bacon requirements was tested and no weekly timesheet certifications were submitted to the City of Austin despite multiple requests to the vendor from the Economic Development Department.

For the Department of Housing (CDBG), the vendors were facing difficulties submitting timesheets with the new online software and submitted hard copy timesheet certifications but the Housing Department disposed of the hard copy support. Per review of the online system it appears weekly timesheets were not obtained for up to a year and not reviewed in excess of a year.

*Questioned Cost*—None

*Effect*—Failure to obtain and/or monitor certified payrolls provided by the primary contractor and any subcontractors for compliance with the Davis-Bacon Act is a violation of the Department of Labor regulations and may impact future grant funding.

*Recommendation*—Continue to work with the vendors to obtain evidence of compliance with Davis-Bacon. Ensure that controls are in place to properly monitor Davis-Bacon compliance and that the controls are properly documented and maintained.

*View of Responsible Officials*—See Corrective Action Plan

**Finding 2015-005: Section 108 Loan CFDA 14.248 – Department of Housing and Urban Development**

**Cash Management – Significant Deficiency in Controls over Compliance and Noncompliance (Award B-01-MC-48-0500A, CFDA 14.248)**

*Criteria*—In accordance with OMB Circular A-133, an entity receiving Federal cash draws must comply with cash management procedures established by the grantor.

*Condition and Cause*—The contract agreements for the Section 108 programs instruct that all unspent loan funds are to be maintained in an FDIC insured custodian account, up to the maximum insured amount. Any funds in excess of the insured amount are to be continuously invested in Government Obligations through a custodian account which may include any obligations guaranteed by the United States government. The City of Austin has now established custodian accounts to monitor such cash; however, at the beginning of the fiscal year, the City held \$119,846 in a City of Austin account not originally set up as a custodian account for these funds. In August of 2015, the City of Austin transferred the funds into an account set up as a custodian account for these funds.

*Perspective*—\$119,846 was not originally in the required custodial bank account.

*Questioned Cost*—None

*Effect*—Failure to manage cash in accordance with the cash management compliance requirements and requirements of the grantor could result in potential misuse of funds.

*Recommendation*—Implement policies and procedures along with appropriately designed, implemented, and effective controls to ensure cash on hand related to loan funding is appropriately handled.

*View of Responsible Officials*—See Corrective Action Plan

**Finding 2015-006: Section 108 Loan CFDA 14.248 – Department of Housing and Urban Development**

**Reporting – Significant Deficiency in Controls over Compliance and Noncompliance (Award B-05-MC-48-0500A, CFDA 14.248)**

*Criteria*—Monthly reports of the balance in the Guaranteed Loans Fund account should be submitted to the Department of Housing and Urban and Development on a monthly basis, no later than the date set forth by the grantor.

*Condition and Cause*—The City of Austin did not have the appropriate procedures or control structure in place to ensure that these monthly reports were submitted to the grantor on a monthly basis. The City of Austin started submitting the Guaranteed Loans Fund report in July of 2015.

*Perspective*—Nine out of twelve monthly reports were not submitted to the grantor.

*Questioned Cost*—None

*Effect*—Grantor cannot monitor the balance in the Guaranteed Loan Fund account without submission of the monthly reports.

*Recommendation*—Implement policies and procedures as well as the appropriate control structure to ensure submission of the monthly reports to the grantors.

*View of Responsible Officials*—See Corrective Action Plan

**Finding 2015-007: HOME Grant CFDA 14.239 – Department of Housing and Urban Development**

**Matching and Reporting – Significant Deficiency in Controls over Compliance and Noncompliance (All related awards, CFDA 14.239)**

*Criteria*—Matching regulations require that the City contribute or match no less than 25 cents for each dollar of HOME funds spent on affordable housing.

*Condition and Cause*—Annually, the City of Austin must calculate funds spent on affordable housing. They must meet matching requirements and disclose the matching amounts and the carry forward amounts annually by reporting on the Consolidated Annual Performance and Evaluation Report (CAPER). However, the City of Austin did not have the appropriate procedures or control structure in place to ensure the match was properly calculated and reported. The data used to calculate the match included incomplete permits and homes that were not affordable. The City of Austin improperly calculated and reported the match and carryforward amounts on the CAPER submitted to the Department of Housing and Urban Development.

*Questioned Cost*—None

*Perspective*—Errors in the fee waivers claimed as matching expenditures were identified during the initial sample of 25 items selected for testing. The Housing Department completed an analysis of the matching expenditures and provided a revised population, from which an additional sample of 60 fee waivers were selected. The results of the second test was that 1 out of 60 items selected represented a home in a development that was 20% affordable; however, the calculation considered the home 100% affordable, thus overstating the matching calculation. Further, 1 out of 60 items selected represented a home in a development that was 60% affordable; however, the calculation considered the home 40% affordable, thus understating the matching calculation. Additionally, for 2 out of 60 items selected, the Housing Department did not document the type of permit that was waived on the application; therefore, there was not sufficient audit evidence to recalculate the fee waived using the fee schedule.

*Effect*—Inaccurate calculation of the waived fees that qualify as matching expenditures for this program may cause the City to be unable to assess whether it has met the matching requirement, potentially resulting in noncompliance with grant requirements.

*Recommendation*—Implement policies and procedures that require review and approval of the information and matching calculation to ensure match is calculated and reported accurately.

*View of Responsible Officials*—See Corrective Action Plan

**Finding 2015-008: Airport Improvement Program (ABIA FAA) CFDA 20.106 –  
Department of Transportation**

**Special Test: Davis-Bacon –Significant Deficiency in Controls over Compliance  
(Award 3-48-0359-058-2013, CFDA 20.106)**

*Criteria*—The Housing and Community Development Act of 1974, Statutory Provision, Section 100 requires that all laborers and mechanics employed by contractors and subcontractors in the performance of construction work financed in whole or in part with assistance received under this title shall be paid wages at rates not less than those prevailing on similar construction in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act.

*Condition and Cause*—We noted that effective internal controls are not implemented to review that all required weekly timesheet certifications have been obtained. Further, there is not consistent evidence of review on supporting documentation by employees.

*Perspective*—Weekly timesheet certifications were obtained, but consistent evidence was not available to support that they were reviewed for project CLMC466. Further, there was no consistent evidence of review by the department personnel in the selected files. The lack of monitoring to ensure accurate and complete submission of weekly timesheet certifications appears to be a deficiency in internal controls; however, in the 26 weeks that were tested, all weekly timesheet certifications had been properly obtained.

*Questioned costs*—None

*Effect*—Failure to obtain and/or monitor certified payrolls provided by the primary and any subcontractors for compliance with the Davis-Bacon Act is a violation of the Department of Labor regulations and may impact future grant funding.

*Recommendation*—Implement policies and procedures to appropriately monitor Davis-Bacon compliance in all federally-funded construction contracts on an ongoing basis for appropriate certified payroll from any contractors prior to payment when practicable or as soon as possible thereafter.

*View of Responsible Officials*—See Corrective Action Plan

**CITY OF AUSTIN, TEXAS**

**CORRECTIVE ACTION PLAN  
YEAR ENDED SEPTEMBER 30, 2015**

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**Finding 2015-001: Significant Deficiency—Internal Controls Over Accounting and Reporting for Capital Assets**

**Contact Person**—Diana Thomas, Controller

**Management Response**—Concur. The Controller's Office is introducing procedures for the timely identification of assets annexed by the City. In the future, the Controller's Office will receive notices of all limited purpose annexations directly from City's Annexation & Extraterritorial Jurisdiction Planning team. The Controller's Office will request a conveyance schedule for annexed assets and record additions to properly report remaining value and service lives upon conveyance.

**Estimated Completion**—Implemented in March 2016. No further action needed.

**Contact Person**—Greg Meszaros, Director, Austin Water Utility

**Management Response**—Concur. Since fiscal year ended September 30, 2014, Austin Water and the Controller's Office have cooperatively coordinated the unitization of assets acquired through Service Extension Reimbursement (SER) requirements. A comparison of SER contributed assets to existing City asset schedules will minimize the risk that these assets are improperly duplicated.

**Estimated Completion**—Implemented in Fiscal Year 2015. No further action needed.

**Finding 2015-002: Significant Deficiency—Internal Controls Over Financial Reporting**

**Contact Person**—Diana Thomas, Controller

**Management Response**—Concur. The Controller's Office will evaluate the impact on financial reporting of changes made in the budgeting process. This includes improved communications with the Budget Office to increase awareness and understanding of changes and their impact on the financial statements and conducting variance analysis at interim and year end to help identify key changes that may affect reporting.

**Estimated Completion**—July 2016.

**Contact Person**—Diana Thomas, Controller

**Management Response**—Concur. The Controller's Office will add a procedure to tie the refunding debt transactions in the statement of cash flows to the Official Statements.

**Estimated Completion**—September 30, 2016.

**Contact Person**—Betsy Spencer, Director, Neighborhood Housing and Community Development (NHCD).

**Management Response**—Concur. NHCD developed a reconciliation of their Nortridge system against the U.S. Department of Housing and Urban Development's list of funded loan projects to ensure that all loans are recorded in the Nortridge system and the City's financial statements. NHCD will perform this reconciliation on a regular basis.

**Estimated Completion**—Implemented.

### **Finding 2015-003: Significant Deficiency—Preparation of the Schedule of Expenditures of Federal and State Awards**

**Contact Person**—Diana Thomas, Controller

**Management Response**—Concur. The Controller's Office will continue to work with departments regarding the timely recording of grant expenditures. This includes quarterly reminders to departments to post all expenses to grants, and the review and sign off at year end by the department director. In addition, this year the Controller's Office will meet with each department to discuss all potential findings to ensure full understanding of the finding and discuss ways to improve for the future.

**Estimated Completion**—September 30, 2016.

**Contact Person**—Sara L. Hensley, Director, Parks and Recreation Department (PARC).

**Management Response**—Concur. PARC will work with the Public Works Department to outline grant capital project expectations in Public Works' Project Charters. PARC will also ensure that all eligible costs are billed to the grantor and reflected in the Schedule in the year they are incurred.

**Estimated Completion**—September 30, 2016.

### **Finding 2015-004: Section 108 Loans CFDA 14.248—Department of Housing and Urban Development and Community Development Block Grant (CDBG) CFDA 14.218—Department of Housing and Urban Development**

**Special Test: Davis-Bacon—Significant Deficiency in Controls over Compliance and Noncompliance**

**Contact Person**—Kevin Johns, Director, Economic Development Department (EDD).

**Management Response**—Concur. EDD has made significant efforts to collect the required reports. A timeline detailing these efforts was supplied to the Auditors during the FY15 Single Audit process. EDD staff met with the vendor/borrower again on March 29, 2016 and was unable to resolve the situation. Currently, a cure letter is in review with EDD's legal department which may result in termination of the loan agreement and immediate repayment of the outstanding balance. Additionally, EDD is drafting policy changes which will provide leverage to ensure required reports are submitted by the vendor/borrower.

**Estimated Completion**—EDD expects to provide the cure letter to the vendor/borrower by June 30, 2016. The letter will allow a 30-day period to cure the area of non-compliance.

**Contact Person**—Betsy Spencer, Director, Neighborhood Housing and Community Development (NHCD).

**Management Response**—Concur. NHCD acknowledges the gaps in record keeping that occurred during the implementation of LCP tracker software.

- Contractors have been provided extensive technical assistance on site and at their offices. All contractors on the Master Home Repair Contract have been trained.
- NHCD has implemented an internal weekly procedure to verify the payroll contracts' submission and that the prevailing wage determined by the Department of Labor are paid by the Contractors/Sub recipients.
- NHCD plans to not give additional assignments to contractors under the current Master Home Repair Contract, who do not adhere to the requirements of payroll data entry in LCP tracker.

**Estimated Completion**—Fully implemented. No further action required.

#### **Finding 2015-005: Section 108 Loan CFDA 14.248—Department of Housing and Urban Development**

##### **Cash Management—Significant Deficiency in Controls over Compliance and Noncompliance**

**Contact Person**—Betsy Spencer, Director, Neighborhood Housing and Community Development (NHCD).

**Management Response**—This finding is a carryover finding from the FY14 Single Audit. Upon identification of the issue, NHCD took immediate action in August 2015 and moved the funds to the custodian bank. The bank confirmed receipt of the funds, which resolved the issue.

**Estimated Completion**—Fully implemented in August 2015. No further action needed.

#### **Finding 2015-006: Section 108 Loan CFDA 14.248—Department of Housing and Urban Development**

##### **Reporting—Significant Deficiency in Controls over Compliance and Noncompliance**

**Contact Person**—Kevin Johns, Director, Economic Development Department (EDD).

**Management Response**—This finding is a carryover finding from the FY 14 Single Audit. Upon identification of the issue, EDD took immediate action in July 2015 and provided the monthly statements to the grantor. EDD implemented procedures to ensure the monthly submission of these statements. EDD is current on its monthly statement submissions for FY16.

**Estimated Completion**—Fully implemented in July 2015. No further action needed.

**Finding 2015-007: HOME Grant CFDA 14.239—Department of Housing and Urban Development**

**Matching and Reporting—Significant Deficiency in Controls over Compliance and Noncompliance**

**Contact Person**—Betsy Spencer, Director, Neighborhood Housing and Community Development (NHCD).

**Management Response**—NHCD acknowledges the auditor comments on the HOME Match calculation report.

- Only Fee waiver transactions labeled as “Paid in full” will be used henceforth for the HOME Match calculation report. This will exclude transactions pending approval and/or canceled.
- Program staff plan to standardize reporting and undertake periodic review to ensure accuracy of data used for calculating HOME match.
- For the purpose of HOME match calculation, only fee waivers provided during the fiscal year are taken into consideration, even though the development may have been certified in a previous fiscal year.

**Estimated Completion**—Standardized reporting and periodic review process to be completed by August 2016. All other actions are fully implemented.

**Finding 2015-008: Airport Improvement Program (ABIA FAA) CFDA 20.106—Department of Transportation**

**Special Test: Davis-Bacon—Significant Deficiency in Controls over Compliance**

**Contact Person**—Rosie Truelove, Director, Capital Contracting Office.

**Management Response**—The Capital Contracting Office (CCO) concurs with this finding. CCO is in the process of developing a standard method for tracking and reviewing payrolls to ensure compliance with Davis Bacon. This process will include physical evidence of review by the reviewer.

Additionally, on all federally funded projects (all projects requiring Davis Bacon compliance), wage compliance staff will meet with the project team (project manager, sponsor, and contractor) at contract inception to review the requirements and ensure understanding and promote compliance. CCO Staff will attend all monthly progress meetings on federally funded projects to ensure real-time communications about compliance issues. Lastly, CCO Wage Compliance staff will submit quarterly reports to the Grantee to communicate current status of wage compliance.

**Estimated Completion**—Goal is to have standard processes developed by July 1, 2016. Process changes related to meetings and quarterly reporting will be complete by September 30, 2016.



## CITY OF AUSTIN, TEXAS

### STATUS OF PRIOR YEAR AUDIT FINDINGS FOR THE YEAR ENDED SEPTEMBER 30, 2015

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#### **Finding 2014-01: Significant Deficiency—Preparation of the Schedule of Expenditures of Federal and State Awards**

**Criteria**—In accordance with OMB Circular A-133 and the State of Texas Uniform Grant Management Standards, management is responsible for the preparation of the Schedule of Expenditures of Federal and State Awards (“Schedule”). This includes identifying all expenditures by grant for any given fiscal year.

**Condition and Cause**—During the 2014 audit, expenditures related to funding for multiple federal and state grant programs were reflected in the 2014 Schedule that related to expenditures in prior years or next fiscal year. This did not impact the major programs selected in 2013 or 2014. These errors occurred when the respective departments failed to identify and record expenditures as grant-funded in a timely manner and failed to communicate the expenditures to the Controller’s Office for proper reporting in the Schedule.

**Effect**—Federal and state programs may be inaccurately reported in the Schedule. This could impact the assessment of major programs in any given year and could potentially affect compliance of the period of availability requirement for grants.

**Recommendation**—Continue to work with departments through various means (communications, training and policy revisions) to ensure that accurate data related to grants is communicated to the Controller’s Office on a timely basis.

**Status—Controller’s Office**—Implemented. The Schedule is prepared by an accountant senior and goes through two (2) reviews before it is sent out to departments. The departments have to review the Schedule and confirm the amounts and have the department director sign a confirmation at year end confirming the expenses in the Schedule are accurate. In addition, during the year the Controller’s Office sends out quarterly reminders to the departments to review grant funds and ensure that all expenses have been posted to the grant. For each finding, the Controller’s Office met with the respective department, troubleshooting the grant process and validating a strong system of internal controls is implemented to address repeat findings year over year.

**Status—Austin Transportation Department (ATD)**—Implemented. Austin Transportation Department has been in compliance for FY 2016. ATD’s financial staff has been reconciling the internal grant report every month and submitting it to Controller’s Office on a quarterly basis. The request for reimbursement has been billed to grantor on a monthly basis or within the required timeframe listed by grantor.

**Status—Austin Police Department**—Implemented. The department filled all vacant Financial Consultant positions and created a monitoring system to review and reconcile their grant expenditures on a monthly basis. This monitoring system ensures that grant expenditures are recorded in the general ledger timely and reported in the proper fiscal year per the reporting requirements. Quarterly reports are provided to the Controller’s Office.

**Status—Parks and Recreation Department**—Implemented. The Parks and Recreation Department implemented quarterly review meetings providing for a review of grant requirements which included

grant reimbursement requests and expenditures beginning in September 2014. During these quarterly review meetings the following are reviewed and discussed:

- A discussion of all expenses incurred in that quarter and year to date
- A discussion of expenses to be posted in the correct month/quarter
- A discussion of expenses that are to be reported to the grantor in accordance with grant requirements

Concurrent with this review, the Department's Grants Coordinator along with the Accountant complete department required quarterly reconciliations of all active Grants and providing completed reconciliations to the Controller's Office. Special attention is given during the fourth quarter grant review meeting to ensure all grant expenses are posted in the appropriate fiscal year.

**Status—Health and Human Services Department (HHSD)—Implemented.** HHSD has restructured processes and implemented stricter monitoring of personnel expenses. The process for reviewing payroll expenses has been moved from the budget to the accounting section. Accounting will review the expense for payroll that does not have budget capacity, and accounting will work with budget to resolve issues timely. In addition, budget has implemented a new process to reconcile personnel budget to ensure the capacity meets the needs of actual personnel expenses. This reconciliation is a system generated report that will flag budget balances that are below the need for expenses. This new process for monitoring the payroll budget and expenses will take place twice monthly, prior to payroll posting. Both of the new processes ensure that payroll will post to the correct period and the correct fiscal years.

**Finding 2014-02: Community Services Block Grant (CSBG) CFDA 93.569—Department of Health and Human Services, passed through the Texas Department of Housing and Community Affairs**

**Eligibility—Significant Deficiency in Controls over Compliance and Noncompliance**

*Criteria*—Services are provided to low income individuals and families. Low income is defined by the official poverty line as established by the Secretary of Health and Human Services and is used as a criterion of eligibility of the CSBG program. Program managers must determine eligibility based on information provided in intake files and compare to federally defined income criteria.

*Condition and Cause*—As a result of insufficient training of personnel performing eligibility determination and/or insufficient review of intake information, services were provided to an individual for whom income verification was not appropriately calculated.

The employee conducting the intake process for this file did not identify the correct threshold poverty rate. The client was provided multiple bus passes on three different occasions throughout the fiscal year, even though the client's annual income was above the appropriate income threshold to receive services from the program. The department discovered in a departmental internal audit that this client had been incorrectly served with CSBG funded transportation assistance.

*Perspective*—One of sixty intake files selected for testing did not have appropriate procedures performed in order to accurately determine whether the individual met income eligibility guidelines, and the individual was inappropriately served with grant funding. Similar control deficiencies related to eligibility controls and determinations were also reported by the external auditors in prior years.

*Questioned Costs*—\$9 known

*Effect*—Services were provided to an ineligible recipient.

*Recommendation*—Implement policies and procedures that ensure personnel performing initial intake procedures understand and are properly trained on eligibility requirements. Enhance review procedures and require follow up in a timely manner to minimize providing goods and services to ineligible persons.

*Status*—Health and Human Services Department (HHSD)—Implemented. HHSD revised the peer review process and added specific sections to ensure that staff is reviewing the service provided against the correct eligibility guidelines. Additional training was given to staff on reviewing services provided and comparing to eligibility guidelines. In addition, HHSD added critical factors to staff performance evaluations to rate mid and end of year job performance on eligibility determination and documentation accuracy. Also, two (2) full time supervisors were hired and began employment in February 2015, and will provide increased oversight of CSBG funded activities, including client eligibility determination and documentation.

**Finding 2014-03: Highway Planning and Construction CFDA 20.205—Department of Transportation, Federal Highway Administration, passed through Texas State Highways and Public Transportation Department; Refugee Health Services CFDA 93.566—Department of Health and Human Services, passed through Texas Department of State Health Services; Homeless Housing and Services Program—Texas Department of Housing and Community Affairs; Fire Prevention & Safety CFDA 97.044—Department of Homeland Security**

**Reporting—Significant Deficiency in Controls over Compliance and Noncompliance**

*Criteria*—Reports are due no later than the date set forth by the grantor or in the legislative standards.

- For the Highway Planning and Construction Grant (CFDA 20.205), specifically the North Walnut Creek project, the ARRA 1585 Monthly Recipient Project Status Reports/Monthly ARRA Status Reports as well as the ARRA 1589 Monthly Employment Reports are due on the fifth business day of the subsequent month.
- For the Refugee Health Services Grant (CFDA 93.566), the Triannual Performance Reports are required to be submitted by the due date noted within the terms of the grant agreement.
- For the Homeless Housing and Services Program (State Grant), the monthly expenditure report and the monthly performance report are due within 15 days of the end of the reporting month.
- For the Fire Prevention & Safety Grant (CFDA 97.044), the federal financial report is required to be submitted within 30 days after the end of the reporting period.

**Condition and Cause—**

<b>Grant</b>	<b>Report</b>	<b>Due Date</b>	<b>Date Submitted</b>
Highway Planning and Construction (CFDA 20.205)	ARRA 1585 Monthly Recipient Project Status Report/ Monthly ARRA Status Reports	December 5, 2013	December 6, 2013
Highway Planning and Construction (CFDA 20.205)	ARRA 1585 Monthly Recipient Project Status Report/ Monthly ARRA Status Reports	March 5, 2014	March 6, 2014
Highway Planning and Construction (CFDA 20.205)	ARRA 1585 Monthly Recipient Project Status Report/ Monthly ARRA Status Reports	August 5, 2014	August 20, 2014
Highway Planning and Construction (CFDA 20.205)	ARRA 1589 Monthly Employment Report	December 5, 2013	December 6, 2013
Highway Planning and Construction (CFDA 20.205)	ARRA 1589 Monthly Employment Report	March 5, 2014	March 6, 2014
Highway Planning and Construction (CFDA 20.205)	ARRA 1589 Monthly Employment Report	August 5, 2014	August 20, 2014
Refugee Health Services (CFDA 93.566)	Triannual Performance Reports- 2014 Agreement	February 7, 2014	February 11, 2014
Refugee Health Services (CFDA 93.566)	Triannual Performance Reports- 2014 Agreement	June 6, 2014	June 10, 2014
Refugee Health Services (CFDA 93.566)	Triannual Performance Reports- 2014 Agreement	October 8, 2014	October 9, 2014
Refugee Health Services (CFDA 93.566)	Triannual Performance Reports- 2015 Agreement	October 8, 2014	October 9, 2014
Homeless Housing and Services Program	Monthly Expenditure and Performance Reports	January 15, 2014	February 10, 2014
Homeless Housing and Services Program	Monthly Expenditure and Performance Reports	June 15, 2014	June 16, 2014
Fire Prevention & Safety (CFDA 97.044)	Federal Financial Report	July 31, 2014	August 18, 2014

**Perspective—**

- Highway—Six of six monthly ARRA reports selected for testing were submitted after the due date.
- Refugee Health Services—Four of four triannual performance reports selected for testing were submitted after the due date.
- Homeless Housing—Two of three monthly expenditure reports and monthly performance reports selected for testing were submitted after the due date.
- Fire Prevention & Safety—One of three federal financial reports selected for testing were submitted after the due date.

*Questioned Costs—None*

*Effect—*Grantor cannot monitor grantee expenditures on a timely basis if reports are not submitted in a timely manner.

*Recommendation—*Implement policies and procedures to prepare for reporting deadlines as they approach and implement review and approval procedures to ensure that reports are submitted and approved in a timely manner.

*Status—Parks and Recreation Department—*Implemented. The Parks Department's Grants Coordinator requests and secures required reports from the Public Works Department's Project Manager responsible for the project and construction contract, and submits required reports to the Grantor prior to the reports' due date. In addition, the Parks Department Grants Coordinator created a Grants Compliance Log that assists with tracking grant requirements and report due dates ensuring reports are submitted prior to the Grantor's due date. The Parks Department Grants Coordinator issues reminder notices to the Project Manager 10 days prior to the required reports being due to the Grantor. These reports are due to the Grants Coordinator three business days before they are due to the Grantor. This allows time for the Grants Coordinator to escalate any concerns of possible late required reports prior to the Grantor's due date. In addition, the Parks Department contacted the Grantor to request that the official grant contact be changed from the Public Works Department's Project Manager to the Parks Department's Grants Coordinator. The Grant contact has been changed by the Grantor on this grant.

*Status—Health and Human Services Department (HHSD)—*Implemented. Beginning on May 11, 2015, the Refugee Health Screening Program has a new Program Manager. The new manager is responsible for producing and submitting the tri-annual report. He has implemented a peer-based quality assurance/ checks and balance system that relies on collaborative redundant responsibility. This system ensures reporting deadlines are met by sharing responsibility and holding each other accountable for their individual components as well as remaining cognizant of approaching deadlines. The Refugee Program Manager will submit the tri-annual reports by the due date noted within the terms of the grant agreement and send a copy via email to the Communicable Disease Unit Manager and the Communicable Disease Unit Grants Coordinator.

*Status—Health and Human Services Department (HHSD)—*Implemented. Beginning on June 11, 2015, HHSD management implemented a procedure to review HHSD related billings in the HHSD Contract Management Database by the 11th of the month to ensure adequate time for review and corrections prior to TDHCA's submission due date of the 15th of the month.

*Status—Austin Fire Department (AFD)*—Implemented. The Financial Manager, Grant Coordinator and Operating Managers meet prior to the beginning of a grant to set a schedule for meeting the reporting deadlines and follow up with quarterly or monthly meetings to track the progress of a grant. AFD will document the meetings and make them a part of the grant folders.

**Finding 2014-04: Highway Planning and Construction CFDA 20.205—Department of Transportation, Federal Highway Administration, passed through Texas State Highways and Public Transportation Department; IH 35 Feasibility Study—Texas Department of Transportation; Homeless Housing and Services Program—Texas Department of Housing and Community Affairs**

**Reporting—Significant Deficiency in Controls over Compliance and Noncompliance**

*Criteria*—Accurate reports are due no later than the date set forth by the grantor or in the legislative standards and should include the appropriate date ranges and within the proper frequency (i.e. every 60 or 90 days) as specified in the grant agreement.

*Condition and Cause*—There were certain expenditures reported within the fiscal year 2014 Schedule of Expenditures of Federal Awards and the 2014 Schedule of Expenditures of State Awards that relate to prior year expenditures. Expenditures were not reported to the applicable grantor timely due to inclusion in the wrong reporting period or failure to submit reports according to the proper frequency per the grant agreement within the following grant programs: Highway, IH-35, and Homeless Housing and Services Program. Such expenditures were expended within the grant period (still available), but were not reported to the grantor in the appropriate fiscal year and were not recorded within the appropriate report as submitted to the grantor.

*Perspective*—Highway – Based on the grant agreements, reimbursement is to be requested within a period of 60 or 90 days, depending on the grant. As a result of testing, 1 of 11 reports subjected to testing were submitted after the required time period, with a total amount of \$1,893. These expenditures included Highway program expenditures related to both prior and current fiscal years that were detected during testing.

*IH-35*—This program required the reimbursement request to be submitted 90 days after the end of the period in which expenditures are incurred. As a result of testing, 2 of 2 reports tested were not reported timely to the grantor, related to \$91,453 of prior period expenditures, as well as late reporting of \$116,358 current year expenditures.

*Homeless Housing and Services Program*—Expenditures relating to the prior contract term were recorded on the FY14 SEFA in the total amount of \$14,698. The final expenditure report related to these expenditures was not submitted timely, as the final report was submitted to the grantor after the required 30 days after the end of the contract term.

*Questioned Costs*—None

*Effect*—Grantor cannot monitor grantee expenditures on a timely basis.

*Recommendation*—Implement policies and procedures to monitor and prepare for reporting deadlines as they approach and implement review and approval procedures to ensure that reports are submitted and approved in a timely manner. Continue to work with departments through various means (communications, training and policy revisions) to ensure that accurate data related to grants is communicated to the Controller's Office on a timely basis.

*Status—Austin Transportation Department—Implemented.* Austin Transportation Department (ATD) was in compliance for FY 2015 and the corrective action was completed. ATD's financial staff reconciled the internal grant report each month and submitted it to the Controller's Office on a quarterly basis. The request for reimbursement has been billed to the grantor within the required timeframe listed by the grantor. The IH-35 Feasibility Study grant has been completed in FY15.

*Status—Austin Transportation Department—Implemented.* Austin Transportation Department (ATD) was in compliance for FY 2015 and the corrective action was completed. ATD's financial staff reconciled the internal grant report each month and submitted it to the Controller's Office on a quarterly basis. The request for reimbursement has been billed to the grantor within the required timeframe listed by the grantor. The Citywide Bicycle grant has been completed in FY15.

*Status—Health and Human Services Department—Implemented.* The Homeless Housing and Services Program (HHSP) Contract Manager and Community Based Resources (CBR) manager have implemented a new system of approval. The HHSP Contract Manager will submit a summary of the payment request with backup by the 10th in CTK, an online contract management database used by CBR. The CBR Manager will then review and approve the pay request in CTK and then go into the Texas Department of Housing and Community Affairs (TDHCA) online database to approve the pay request before the deadline of the 15th. HHSP Contract Manager communicates frequently with the TDHCA staff via telephone regarding deadlines. HHSP Contract Manager will now follow up all phone communication with email in order to document the conversation regarding deadlines. HHSP contracts have been revised to have subcontractors submit last payment one month before the end of the City of Austin contract period with TDHCA. In FY 14-15, sub-contractor contracts end August 31st but TDHCA contract was extended to September 30, 2015.

#### **Finding 2014-05: Section 108 Loan CFDA 14.248—Department of Housing and Urban Development**

##### **Cash Management—Significant Deficiency in Controls over Compliance and Noncompliance**

*Criteria—*In accordance with OMB Circular A-133, an entity receiving Federal cash draws must comply with cash management procedures established by the grantor.

*Condition and Cause—*The contract agreements for the Section 108 programs instruct that all unspent loan funds are to be maintained in an FDIC insured account, up to the maximum insured amount. Any funds in excess of the insured amount are to be continuously invested in Government Obligations which may include any obligation guaranteed by the United States government. The City of Austin has established custodian accounts to appropriately monitor such cash. We noted the City holds \$119,846 in a City of Austin account not originally set up as a custodian account for these funds. This amount related to funds received from the grantor for loans that were initially overestimated or never executed.

*Perspective—*Of the \$652,710 of Federal funds belonging to City of Austin as of September 30, 2014, \$119,846 was not held in the required custodian bank account.

*Questioned Costs—*None.

*Effect—*Failure to manage cash in accordance with the cash management compliance requirements and requirements of the grantor could result in potential misuse of funds.

*Recommendation—*Implement policies and procedures along with appropriately designed, implemented, and effective controls to ensure cash on hand related to loan funding is appropriately handled.

*Status—Neighborhood Housing and Community Development (NHCD)*—Implemented. NHCD has taken immediate steps to return the \$119,846 in Section 108 NCMP funds to the Custodian (JP Morgan Chase) bank account. The funds were wired to the Custodian on August 13, 2015 and JP Morgan Chase confirmed receipt.

**Finding 2014-06: Section 108 Loan CFDA 14.248—Department of Housing and Urban Development**

**Reporting—Significant Deficiency in Controls over Compliance and Noncompliance**

*Criteria*—Monthly reports of the balance in the Guaranteed Loans Fund account should be submitted to the Department of Housing and Urban Development on a monthly basis, no later than the date set forth by the grantor.

*Condition and Cause*—Monthly reports reflecting the month-end balance in the Guaranteed Loans Fund account related to the Family Business Loan program are required to be submitted to the grantor. However, the City of Austin did not have the appropriate procedures or control structure in place to ensure these reports were submitted to the grantor on a monthly basis.

*Perspective*—Three out of three monthly reports subjected to testing were not submitted to the grantor.

*Questioned Costs*—None

*Effect*—Grantor cannot monitor the balance in the Guaranteed Loans Fund account without submission of the monthly reports.

*Recommendation*—Implement policies and procedures as well as the appropriate control structure to ensure submission of the monthly reports to the grantor.

*Status—Economic Development Department*—Implemented. This finding was disclosed in the FY 2014 Single Audit Report. All required monthly statements for FY 2015 were submitted to the Department of Housing and Urban Development on July 17, 2015. The Economic Development Department implemented procedures to ensure the monthly submission of these statements. Emails confirming this can be provided through the current month.